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TAGS: PREL PGOV MARR SP

SUBJECT: DCM DISCUSSES SPANISH DEFENSE BUDGET, ACQUISITIONS
WITH SECRETARY OF STATE FOR DEFENSE MENDEZ

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Classified By: DEPUTY CHIEF OF MISSION ARNOLD A. CHACON, REASONS 1.4B,
1D.

11. (C) SUMMARY: The Deputy Chief of Mission met September 30 with the new Spanish State Secretary for Defense Constantino Mendez. The two discussed strategic industrial cooperation; the status of major acquisitions programs, including Tomahawk; the budget outlook for Spain; and the upcoming visit of Defense Security Cooperation Agency (DSCA) Director Vice Admiral Jeffrey Wieringa. Mendez offered a warm welcome and articulated an open door policy for the U.S. Mission. Mendez spoke positively of bilateral military-to-military relations, articulating the view shared by former Spanish CHOD General Felix Sanz that the Spanish Armed Forces owe their present level of readiness to their long association with the U.S. Armed Forces. Mendez characterized Spain's 2009 budget as restrictive and predicted defense spending would prioritize improving force protection for Spain's deployed troops rather than major defense items.

//Spanish Budget Crunch//

12. (C) Mendez, who was preparing to defend the MOD 2009 budget in Congress on October 7, noted the appropriations process would be difficult this year because of the overall tight budget. Defense spending priorities will include Mine Resistant Ambush Protected vehicles (MRAPs), unmanned aerial vehicles (UAVs), inhibitors, and body armor -- all designed to protect Spanish forces deployed overseas -- rather than major weapons systems. Spain's overall budget will focus on social expenditures and greater protection for the most needy as well as investments aimed at reactivating the Spanish economy (e.g., research and development, infrastructure, and initiatives aimed at job creation). Spain's deficit might increase to two percent of GDP in 2009 (after several years of surpluses), but Mendez did not view this as a problem, saying the EU allowed for national deficits up to three percent. Asked by the DCM about bi-partisan support, Mendez explained that the left and right have very different approaches in Spain; nonetheless, he noted the Spanish Administration is not facing elections. Mendez also made general observations about the correlation between imminent U.S. elections and U.S. congressional reactions to Treasury's at-the-time proposed financial system rescue plan.

//Bilateral Military Relationship//

13. (C) The DCM commended U.S.-Spanish military-to-military relations, particularly in the area of defense industrial cooperation. Mendez concurred that Spanish defense companies

have gained ground in the U.S. and global defense markets as a result of their strategic alliances with U.S. industrial partners. Expressing his desire to continue the good level of communication, the DCM conveyed the Ambassador's regards and assurances that Mendez could count on the support of the Embassy's Country Team, and extended an invitation for Mendez to visit the United States after the elections. The DCM mentioned that DSCA Director ADM Wieringa planned to travel to Spain and asked whether Mendez would be willing and available to meet with him. Mendez accepted immediately.

(NOTE: ADM Wieringa travels October 13 to Spain and will deliver the keynote address at the Harpoon International Conference in Sevilla on October 14. ADM Wieringa is scheduled to meet with Mendez and the Spanish MOD's new Director General of Armament and Materiel in Madrid after the conference.)

//Acquisition Philosophy//

¶4. (C) Asked about Spain's acquisition plans, Mendez described GOS goals for the Spanish Armed Forces and his views regarding the future Spanish defense industrial base. Mendez said the Spanish Ministry of Defense and armed forces had the highest regard for their relationships with the United States and the U.S. Armed Forces. He professed readiness to make such a statement publicly, without reservations. He went on to say that the Spanish services are what they are thanks to their long association with the United States. He called Spain a "modest country" in terms of its military forces and capabilities. Mendez explained that the GOS had focused its efforts to modernize, professionalize, and transform the armed forces in order to achieve a totally professional force; to transform the

forces' mission from one of national/territorial defense to an outward focus as a result of Spain's commitments to EU and NATO; and to support NATO and EU missions by modernizing equipment and capabilities. Mendez described the GOS focus on "administering" the armed forces rather than "redefining" their mission and said the Administration hoped to address very specific qualitative objectives.

¶5. (C) Regarding Spain's defense industrial base, Mendez told the DCM an industrial plan was in development. He noted the need to "rationalize" Spanish industry and focus on export potential. Trans-Atlantic industrial partners were invaluable in the MOD's view. Mendez commented on the "comfortable" European model for defense industry, but said it was inadequate for all of Spain's interests. One exception could be the naval sector, where Mendez noted a need to maintain an autonomous national model. According to Mendez, Spain had begun its association with the EU "late and from a weak position," hence the need to be ambitious in aspirations within Europe.

¶6. (C) The DCM asked specifically about Spain's purchase of 20 Tomahawk missiles, as notified to and authorized by the U.S. Congress in June. He explained that the offer to sell the system would expire October 31 unless the GOS signed the letter of acceptance by that date. Mendez said new Spanish CHOD Rodriguez had not identified TLAM as a priority capability. Mendez explained the process by which approximately 1,000 capabilities were identified as requirements for the Spanish Armed Forces and the process, overseen by the CHOD, by which all the capabilities are analyzed and solutions proposed to obtain them. Those priorities identified by the CHOD are scrutinized by the Ministry of Defense, which determines whether the "economic effort" to meet the objective is warranted and feasible. The CHOD's objectives focused on force protection over armaments, and prioritized protecting troops in deployed areas with MRAPs, inhibitors, and UAVs.

¶7. (C) Mendez suggested it may not be the right time "politically" or "economically" for Spain to purchase TLAM. He observed that former Spanish MOD Bono and former Spanish Chief of Naval Operations Zaragoza may have moved ahead faster on TLAM than the current leadership was ready to go.

Mendez ventured that despite operational requirements, such procurements are always political decisions. Nonetheless, Mendez did not completely discard acquisition of TLAM. He reported he had instructed the Spanish Navy and shipbuilder Navantia to ensure the Spanish Navy's new frigates and submarines are capable of carrying TLAM. Mendez added that the GOS had not discarded the possibility of a sixth F-100 class Aegis frigate.

¶ 8. (C) The DCM stressed that the present opportunity to acquire TLAM would be extremely difficult to recreate. He explained it had taken five years of significant effort to get to this point. Mendez said TLAM was not on President Zapatero's radar screen now. He cautioned against forcing the issue and opined it would be best to wait for a new U.S. Administration. When the DCM reiterated the unlikelihood of reaching this stage again, Mendez noted MOD Chacon was aware of the October 31 deadline.

//Joint Strike Fighter//

¶ 9. (C) The DCM noted Spain's effort to modernize its air capabilities and said he hoped JSF could be part of the solution for both the Spanish Navy and Air Force. Mendez noted he was tracking the program with great interest and anticipated that with time, Spain would be very connected to the system.

¶ 10. (C) COMMENT: Mendez made it clear his door is always open to the U.S. Embassy (in marked contrast to his predecessor). While he sounded a negative note on TLAM, we are continuing to explore the issue via other avenues in the GOS.

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